

OMB Circular A-123 Project Timeline

A-123 Assessment Phases

- ***Project Initiation (4th Qtr. FY 2005 – 1st Qtr. FY 2006)***

Project initiation identifies the parties charged with project oversight, the line of business integration and management and project management. Project management establishes accountability, defines deadlines and sets consistent standards for execution and remediation, and communication channels.

- ✓ Appointment of Senior Management Council; Regular monthly meetings began August 2005
- ✓ Appointment of the Senior Assessment Team; meetings began October 2005;
- ✓ Submission of DOC Implementation Plan to OMB (August 2005; Receipt of Feedback from OMB – December 2005)
- ✓ Identification of Financial Statements for Review (August 2005)
- ✓ Prepared Proposed Materiality Analysis (August 2005)
- ✓ Initial Identification of Key Programs (September/October 2005)

- ***Planning Phase (Completed by 2nd Qtr. FY 2006)***

The Planning Phase describes the methodology used to plan for the A-123 assessment. The Planning Phase involves a top-down approach to determine the documentation necessary and the nature, timing, and extent of testing of controls to be performed for each significant line item and related account, disclosure, and process at each of the Department's components.

- ✓ Finalized Materiality (December 2005)
- ✓ Finalized Processes/Sub-Processes (December 2005)
- ✓ Documented Key Controls of Material Processes/Sub-processes (January 2006)
- ✓ Submission of Key Decisions (including materiality, scope of financial reports, and identification of key processes) from Initiation and Planning Phases to OMB (February 15, 2005)
- ✓ Develop Test Plan (began Test Team Meetings February 2006 – will complete testing plan by March 31, 2006)
- ✓ Submit Test Plan Summary to OMB (March 31, 2006)
- ✓ Integrate Departmental Control Activities with A-123 Assessment (to occur during the 2nd Qtr FY 2006)

- ***Testing Phase (Completed by the 3rd Qtr. FY 2006)***

The Testing Phase involves testing controls in key processes to ensure that the controls are effectively designed and are functioning properly. Testing is also necessary to support management assertion of the controls. This requires testing the controls, which must include assessment of each of the five components of internal control over all relevant assertions for all significant line items and related accounts.

- ✓ Testing of Key Controls (3rd Qtr FY 2006)
- ✓ Identification of Deficiencies and Weaknesses (3rd Qtr FY 2006)

- ***Evaluation Phase (Completed by the 4th Qtr. 2006)***

In this phase, the Senior Assessment Team and Senior Management Council will assess and classify internal control deficiencies identified as a result of the testing of those controls. Identification and assessment involve determining whether the deficiency is remote or inconsequential by assessing the magnitude and the likelihood of a misstatement. Based on the assessment, deficiencies are classified as material weakness, reportable condition or control deficiency.

- ✓ Review of test results by Senior Assessment Team and Senior Management Council (4th Qtr FY2006)
- ✓ Develop corrective action plans (4th Qtr FY2006)

- ***Reporting Phase (Completed during 4th Qtr. FY 2006)***

This is the last phase of the internal control process and is the phase where information is gathered in preparation for the annual assurance statement over financial reporting, material weakness for submission in the PAR.

- ✓ Final Reporting for PAR – will include the Annual Assurance Statement on Internal Control over Financial Reporting as of June 30, 2006 (4th Qtr FY 2006)